



Welcome F.O.R.U.M. members

SLCC South City Campus

March 29, 2004

A decorative green line starts from the left, passes through a black sphere with white dots, and then curves upwards and to the right, ending in a loop.

Fleet Management 101

What does it take to manage a fleet efficiently?

● Understanding Myths of Fleet Management

- ✖ This vehicle is paid for and doesn't cost us anything...
- ✖ Older vehicles cost less to operate...
- ✖ Subsidization does not matter...
- ✖ I need this vehicle just in case I have an emergency...
- ✖ Outsourcing and privatization are the enemies to fleet management...
- ✖ Anybody who owns a vehicle can manage a fleet...
- ✖ Customers don't know what they're talking about...
- ✖ I know everything necessary to manage a fleet....



5 steps to implementing a successful fleet management operation

Step 1: *Operate like a small business*

- ✖ Set up a cost center to track all expenses (Internal Service fund)
- ✖ Utilize a fleet management computer system to track costs
- ✖ Set rates and sell/bill goods/services to generate revenues
- ✖ All fleet customers must pay for their own consumption, abuse or negligence.
- ✖ Track vehicle movement and personal use (Commute)



5 steps to implementing a successful fleet management operation

Step 2: *Employ Best Management Practices (BMP's)*

- ✦ Assign all fleet responsibilities to a non-fleet using department
- ✦ Customer feedback and involvement program
- ✦ Service level agreements between fleet management and customers should be used
- ✦ Set Benchmarks and measure outcomes



5 steps to implementing a successful fleet management operation

Step 3: *Establish a long range funding and replacement program*

- ✖ Capitalize new equipment and upgrades.
- ✖ Establish sound replacement cycles for each type of equipment
- ✖ Sinking fund should be used to generate replacement capital
- ✖ Program should be easy to explain and get buy-in



5 steps to implementing a successful fleet management operation

Step 4: *Establish comprehensive maintenance program*

- ✖ In-house or out-source?
- ✖ Repair and service network
- ✖ Accident management process
- ✖ Fuel management and procurement
- ✖ PM Management program
- ✖ Predictive Maintenance program



5 steps to implementing a successful fleet management operation

Step 5: *Establish adequate policies and procedures*

- ✖ Vehicle use and misuse policies
- ✖ Emergency procedure policies
- ✖ Maintenance, Operation and shop Policies
- ✖ Procurement policies



Look for Waste & Inefficiencies

- ✖ Idle, Low and Underutilized equipment
- ✖ Inadequate PM program
- ✖ Driver abuse and neglect
- ✖ Untimely vehicle replacement
- ✖ Unnecessary consultation services
- ✖ Lack of employee training
- ✖ Unnecessary Paperwork and/or complicated processes

Inspect your Fleet...





Inspect your fleet...

- ✖ Schedule routine checks and physically inspect equipment
- ✖ Run routine data queries and look for exceptions to the norm
- ✖ Audit individual invoices and transactions periodically
- ✖ Keep you eyes open for the unusual...
- ✖ Meet with customers regularly to discuss vehicle performance



Process Review

✂ Accident review

- Reporting
- Evaluation
- Recommendations

✂ Process review & streamlining

- PM review
- Billing review

✂ Customer meetings and idea networking



Continuous Improvement

- ✂ Track your data statistics and analyze, analyze, analyze
- ✂ Know your measurements
 - Average cost per mile, etc.
- ✂ Know your fleet
 - Get input from customers, employees, others
- ✂ Graph your results
- ✂ Celebrate your successes
- ✂ Share your successes with all stakeholders
 - Annual Reporting
 - Goal Setting and planning processes

Financial Reporting Ratio Analysis

Division of Fleet Operations YTD Financial Ratios - October FY04

Net Income by Program

Motor Pool	(\$1,042,709.85)
Daily Pools	(\$145,021.77)
Fuel Dispensing	\$1,463.33

General Fund Debt ¹

Fund 609 Fleet Services	(\$23,633,270.14)
Fund 612 Fuel Dispensing	(\$2,874,077.88)

Retained Earnings by Program

Motor Pool	\$2,394,672.38
Fuel Dispensing	(\$445,060.67)

Average A/R Age - Days

Fleet Services	220
Fuel Dispensing	147

Motor Pool

Revenue	=	$\frac{\$5,400,829.08}{11.6}$	=	\$465,588.71
Expenses	=	$\frac{\$6,443,538.93}{11.6}$	=	\$555,477.49
Expenses	=	$\frac{\$6,443,538.93}{\$5,400,829.08}$	=	119.31%
Revenue	=	$\frac{\$5,400,829.08}{\$6,443,538.93}$	=	83.82%

Fuel Dispensing

Revenue	=	$\frac{\$3,951,890.03}{8.1}$	=	\$487,887.66
Expenses	=	$\frac{\$3,950,426.70}{8.1}$	=	\$487,707.00
Expenses	=	$\frac{\$3,950,426.70}{\$3,951,890.03}$	=	99.96%
Revenue	=	$\frac{\$3,951,890.03}{\$3,950,426.70}$	=	100.04%

Daily Pools

Revenue	=	$\frac{\$137,542.76}{2.9}$	=	\$47,428.54
Expenses	=	$\frac{\$282,564.53}{2.9}$	=	\$97,436.04
Expenses	=	$\frac{\$282,564.53}{\$137,542.76}$	=	205.44%
Revenue	=	$\frac{\$137,542.76}{\$282,564.53}$	=	48.68%

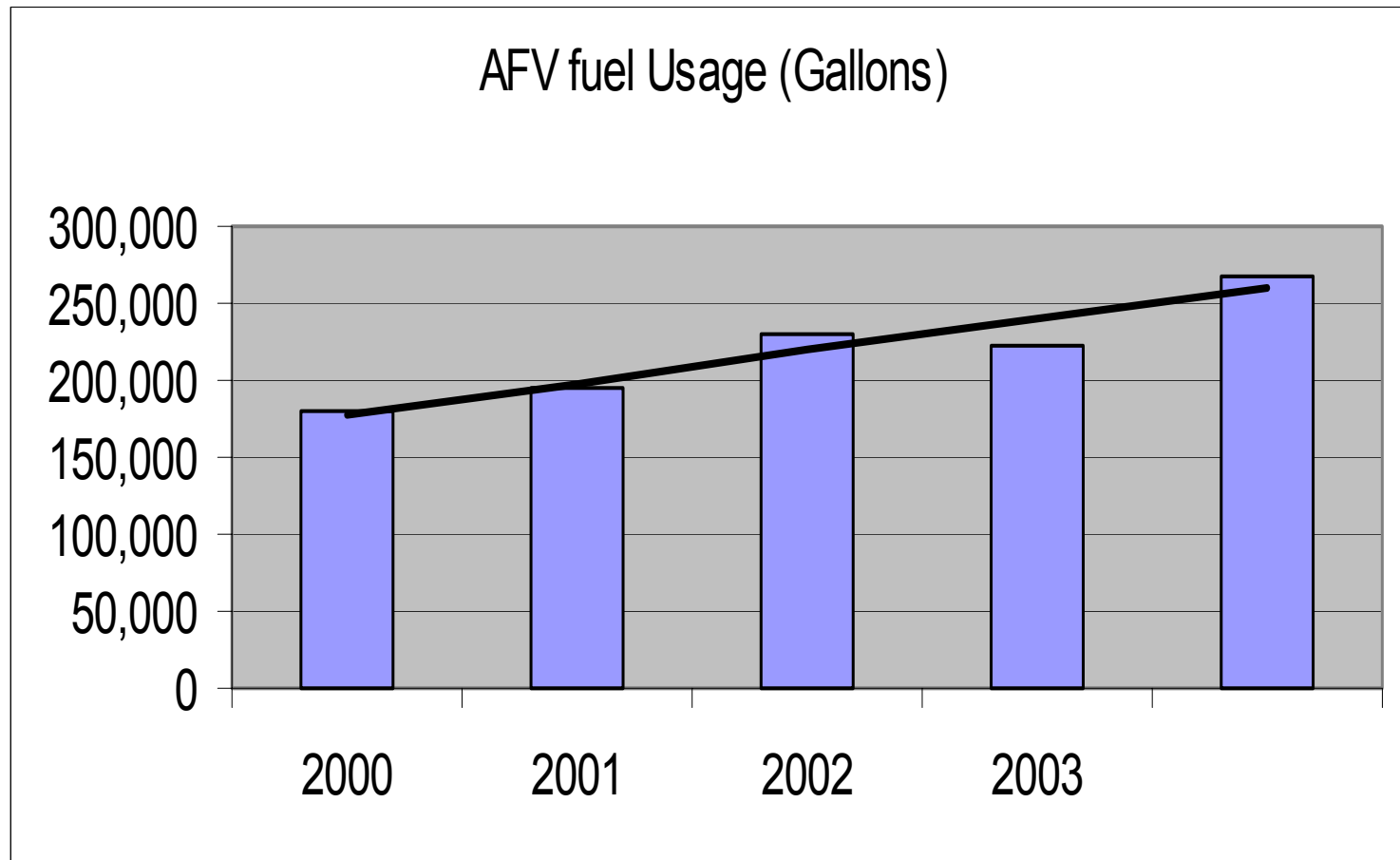
¹

General Fund debt is the current FiNet cash balance as of the end of the reporting period and does not include cash receipts that may have been accrued into revenue for the financial statements.

Benchmarking

Category	2000	2001	2002	2003	Average	Change Previous Year	Savings/Costs
Cost Per mile (CPM) All vehicles	\$0.1160	\$0.1667	\$0.2418	\$0.2375	\$0.1905	-\$0.0043	(\$418,696.89)
DCPM	\$0.0406	\$0.0702	\$0.1115	\$0.1331	\$0.0889	\$0.0215	\$2,115,381.66
MCPM	\$0.0238	\$0.0297	\$0.0357	\$0.0298	\$0.0297	-\$0.0059	(\$583,342.83)
MCPM w/o accidents	\$0.0206	\$0.0250	\$0.0290	\$0.0212			
FCPM	\$0.0239	\$0.0305	\$0.0319	\$0.0322	\$0.0296	\$0.0003	\$29,731.96
ACPM	\$0.0031	\$0.0047	\$0.0067	\$0.0086	\$0.0058	\$0.0019	\$182,863.64
PMCPM	\$0.0041	\$0.0057	\$0.0076	\$0.0056	\$0.0057	-\$0.0020	(\$193,029.03)
BCPM	\$0.0023	\$0.0030	\$0.0054	\$0.0034	\$0.0035	-\$0.0020	(\$200,328.55)
TCPM	\$0.0033	\$0.0046	\$0.0085	\$0.0062	\$0.0056	-\$0.0023	(\$224,348.52)
ECPM	\$0.0043	\$0.0052	\$0.0098	\$0.0066	\$0.0065	-\$0.0031	(\$309,088.27)
Maintenance costs	\$3,985,600	\$3,887,200	\$3,215,342	\$2,922,720	\$3,502,716	-9.10%	(\$1,062,880.00) ↴
Miles per Gallon (MPG)	26.80	20.29	13.33	15.48	18.97	2.15	\$63,831.39
Miles between accidents	236,135	164,125	108,643	121,546	157,612.11	12,902	N/A
Cost per accident	\$739.71	\$774.71	\$731.28	\$1,044.44	822.53	\$313	
Accidents avoided						97	(\$101,268.84) ↴
PM annual avg per vehicle	4.38	4.82	3.05	3.23	3.87	0.18	N/A
PM miles between incidents	5,084	3,719	4,021	4,165	4,247.21	143.96	

Visual Analysis and Review





Economy Recognition

- ✖ Remove redundancy
- ✖ Look to centralize services
- ✖ Consolidate processes
 - Pooling
 - Website processing (Remove paperwork)
- ✖ Understand the Cost Benefit Analysis process
- ✖ Use Privatization where beneficial
- ✖ Create effective partnerships and alliances



Challenges facing the fleet industry

- Escalating costs related to purchase and maintenance.
- Enough budget dollars.
- Politics in the work environment.
- Driver attitudes and accountability.
- Resource management and training.
- Data collection, reporting and analysis.
- Changes in technology
- Privatization



Be Committed & Responsive

- ✖ Always follow up on ideas, input and initiatives
- ✖ Care about your employees, customers and stakeholders.
 - Call back everyone, EVEN vendors
 - Email Responses, voice mail call backs
- ✖ Be open minded, “Listen”
 - Good ideas and cost savings may come from anywhere, EVEN snake oil sales people
- ✖ Share your knowledge, experience and Successes
 - Join Professional associations.
 - Mentor new fleet management employees

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THE CAR AND TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

Fleets Keep a Lid on **OPERATING COSTS**

*Latest Data Shows Costs
Remained Flat in 2002*

Where Have All the Fleet
Manager Jobs Gone?

Questions to Ask Before
Signing Up for A Fuel
Management Program



State Fleet Uses the Web
to Monitor PM

State **Web Site** Helps Utah Monitor Fleet PM Services

Utilization issues, safety recall service completion, accident repairs, and other fleet maintenance matters are also reported through the fleet tracking system.

By Alison Taylor

Gascard	Tran Date	Time	Fuel Date	Type	Gentle	Empid	Milemeter	Prod	Gallons	Price
078891	8/23/02	11:52	8/23/02	0003	01002	0585	02254	UNLEADED REGULAR MOTORPOOL	3.399	1.215
078891	8/15/02	12:35	8/15/02	0003	01002	0585	02254	UNLEADED REGULAR MOTORPOOL	6.54	1.215
078891	8/14/02	08:05	8/14/02	0003	01002	0585	02780	UNLEADED REGULAR MOTORPOOL	6.521	1.215
078891	8/8/02	17:11	8/8/02	0003	01002	0585	071674	UNLEADED REGULAR MOTORPOOL	3.818	1.215

The GasCard Fueling History Report provides fleet managers with vital information concerning their leased vehicles such as meter readings, price paid and who fills which vehicle. In the case of this example, the Daily Motor Pool can also tell who is not using the proper fueling procedures, which allows the person to be contacted and properly trained.

The State of Utah/Division of Fleet Operations (DFO) has spent the past several years gathering vehicle information through a purchased fleet tracking software program. Fueling and maintenance companies with download capabilities have been able to send information to the fleet tracking software through a program created in-house by DFO programmers. The information is then processed, analyzed, and made into several reports. The reports are used to help state agencies monitor preventive maintenance (PM) services, which are necessary to keep a vehicle operating at peak performance levels. Utilization issues, safety recall service completion, accident repairs, and other fleet maintenance matters are also reported through the fleet tracking system.

Once DFO programmers were able to create the reports in "real-time" using

information gathered, they began forwarding the reports to fleet contacts and state program directors from the agencies that lease vehicles from DFO. However, with more than 12,000 state employees driving the 7,376 state vehicles each year, creating the reports had become so time-consuming that the fleet contacts were often waiting for their reports to be completed and mailed, thus making the reports less and less "real-time" and much less useful. The DFO management team envisioned fleet customers having access to the reports any time they needed the information. The programmers were asked to make this happen.

Programmers Create a Secure Web Page for Report Viewing

Working for a state whose governor promotes e-government, the programmers began with the idea of giving the customers online access to the reports. However, providing the public with an accurate list of state vehicles, where they are located and who is assigned to which vehicle, could become a risk to the driver as well as their vehicle. Agency directors were also concerned that other agencies could have access to their vehicle data. To overcome these obstacles, Division

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Summarizing Fleet 101 Issues

- ✂ Maintaining good equipment that represents YOU...
- ✂ Training operators that are business partners...
- ✂ Hiring, Training and Maintaining quality Technicians and Staff, Incentives, EMPOWER...
- ✂ Gathering creditable information (Software, POS, etc)
- ✂ Budget awareness (CBAs, benchmarking, ratio analysis, etc)
- ✂ Monitoring contracts and vendors
- ✂ Keeping up with innovation and technology
- ✂ Managing Change



Questions?

“Visualizing something organizes one’s ability to accomplish it.”

Stephen Covey

“The best way to predict your future is to create it.”

Stephen Covey